

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6985**

**BILL NUMBER:** SB 211

**NOTE PREPARED:** Dec 28, 2006

**BILL AMENDED:**

**SUBJECT:** Bonds for Public Works Projects.

**FIRST AUTHOR:** Sen. Ford

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill increases to \$500,000 the threshold at which bid, performance, and payment bonds are required for state and local public works.

**Effective Date:** June 30, 2007; July 1, 2007.

**Explanation of State Expenditures:** The bill increases the threshold from \$150,000 to \$500,000 at which bid, performance, and payment bonds are required for state and local public works contracts. The bill may reduce the state administrative cost on small projects and possibly increase the number of contractors that might bid on smaller projects. The bill could also increase the state's exposure to loss if the project is not completed properly.

*Background:* In FY 2006 the Division of Public Works of the Department of Administration reviewed 36 public works projects between \$150,000 and \$500,000. The total cost of the projects between \$150,000 and \$500,000 is estimated to be about \$9 M.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*. The current threshold for some local projects is \$100,000 for the requirement of bid, performance, and payment bonds.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:** Tom Coulter, Department of Administration, 232-3021.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.